



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE 26

CAPE TOWN STADIUM (MUNICIPAL ENTITY) – BUSINESS PLAN



Business Plan 2018/19

Cape Town Stadium (RF) SOC LIMITED



“Cape Town Stadium embarks on a new, exciting Business Era”

BUSINESS PLAN 2018/19

“Cape Town Stadium embarks on a new exciting Business Era”

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1 EXECUTIVE SUMMARY

1.1 PREFACE

The Cape Town Stadium (“CTS”) has entered into an exciting and dynamic phase of its business development and commercialization process:

A flexible independent public/private governance and management vehicle for CTS, a Municipal Entity (Cape Town Stadium (RF) SOC Limited), has been established and commenced business operations as of 1 February 2018.

A long term anchor tenancy agreement is in its final phases of negotiations and would unlock the real potential value of the CTS commercial inventory.

The recent re-zoning of the use-rights of the land upon which CTS and its immediate precinct is built has laid the platform upon which an optimized commercialization of the CTS and its immediate precinct can take place.

Critically, this leveraging of the commercialization of CTS will be effected against the backdrop of an open canvass – a commercially sterile stadium.

These long awaited developments have provided the catalyst for a compelling sustainable business case to be developed for CTS to, inter alia, materially attenuate the historical financial burden carried by City ratepayers to operate and maintain this iconic, world class arena.

All the exciting change and the anticipated progress does come with some challenges. The Board members and executive leadership understand the historic context in which the Stadium has traditionally operated. The transition to a fully operational Municipal Entity will not be an easy one, as the adoption and sign off of the Service Delivery Agreement (SDA), the Business Plan, the associated policies, the new independent budget and other strategic inputs have all been reviewed under tremendous time constraints.

The vision of moving the entity to a fully commercial and ethically governed entity will require time and the dedication of the resources involved.

A strategy and implementation framework, conceptualized by each of the 4 operating departments of CTS, will under-pin a core business objective-orientated, high level action plan for the Stadium’s 2018/19 financial year. The execution of this strategic framework will ultimately lead to the CTS achieving its key performance indicators in a sustainable manner.

This 2018/19 Business Plan which is aligned with the City of Cape Town’s Integrated Development Plan (IDP) and Economic Growth Strategy (EGS), and constitutes its vision toward achieving local and international recognition as a preferred major venue for the hosting of significant, financially sustainable, international, national and local sports, recreational, cultural and community events.

1.2 CTS MUNICIPAL ENTITY - A PRE-INCORPORATION HISTORY

CTS, a modern, state of the art, iconic 2010 FIFA World Cup SA™ semi-final venue, purpose built stadium opened its doors for business on 14 December 2009.

1.2.1 Management of the Stadium

Following an international bid process, a stadium operator – Sail/Stade de France, a joint venture between a major local sports marketing company and the consulting arm of Paris based Stade de France - was appointed by the City of Cape Town (the “City”) in September 2009 to manage CTS during the 2010 World Cup™ and to enter into a long term lease, with the City, post the World Cup™.

The lease agreement between the City and Sail/Stade de France was never consummated and the City assumed management of CTS as of 1 December 2010.

1.2.2 The Business Analyst Study – CTS Governance & Management

During 2011, the City’s Stadium management team, whom had been drawn from the ranks of the City’s successful 2010 FIFA World Cup SA™ Host City management team, and as part of its first business plan, embarked on a process to determine the optimum CTS governance and management model and to identify key critical success factors that would underpin the successful execution of the model set for eventual selection.

Following a comprehensive 2012 study which made a number of recommendations detailing the viability of seven possible stadium business models, by a team of local and international stadium management experts commissioned by the City, the City determined that, in terms of the Municipal Systems Act (“MSA”), a public private external mechanism would enable the most optimum CTS governance and management model.

The following key critical dependencies to ensure financial sustainability of CTS were identified:

- Determination and implementation of a sustainable long term management model;
- Attainment of appropriate land use-re-zoning for CTS and its immediate precinct that would enable broad financial opportunity and a full commercialisation of CTS; and
- The securing of a premium Anchor Tenant for CTS.

1.2.3 Commercial Re-Zoning of CTS and its immediate Green Point Common Precinct.

In parallel to the above legislative processes revolving around the governance framework for the CTS, the CTS management, in terms of its business planning, secured the relaxation of the restrictive land-use zoning which encumbered the commercial viability of the CTS and its immediate surrounds.

In terms of the original Provincial Record Of Decision (ROD) and City land-use zoning scheme, no commercial activity other than event day related commercial activity was allowed at CTS and its immediate surrounds.

Following a lengthy City compliance process, involving multiple public engagements and numerous studies, the commercial restrictions applicable to CTS and its surrounding precinct were lifted during the final quarter of 2016.

The result of this endeavour was that a key CTS commercialization platform had now been established.

1.2.4 Overview - Historical Engagements with Western Province Rugby

Simultaneously, during the establishment of the CTS governance framework and the re-zoning of the land-use model, the City and CTS management turned their attention to another key pre-condition of CTS financial viability – the possibility of attracting Western Province Rugby (WPR) as a premium anchor tenant at CTS.

The current engagement with Western Province Rugby (WPR) has been ongoing and negotiations are at an advanced stage.

1.2.5 Establishment of Municipal Entity

Following a lengthy Municipal Systems Act compliance process, involving, inter alia, comprehensive feasibility studies, public engagement processes and business risk assessments, it was finally determined that a Municipal Entity (“ME”) would allow for the optimum governance framework for CTS.

The selection of a ME as the preferred business operating vehicle of CTS was underpinned by its public-private partnership structure and its more flexible, less restrictive and commercially orientated operating environment.

Council embarked on the relevant legislative processes for the establishment of the ME and finally resolved at a meeting of Council on 29 March 2017 that a ME was to be established.

The CTS ME (Cape Town Stadium (RF) SOC Limited) (“CTS ME”) was established and commenced business operations on 1 February 2018. In anticipation of this framework, a Board of Directors and Chairperson of the ME have been appointed.

1.2.6 The Key Dependencies – Status Quo

The 3 key critical dependencies under-pinning the future viability of CTS identified above have been addressed as follows:

1.2.6.1 Determination and implementation of a sustainable long term management model

The CTS ME has been established and is operational.

1.2.6.2 Obtaining an appropriate land-use re-zoning for CTS and its immediate precinct that would allow for financial viability and a full commercialisation of CTS

The land usage rights relating to CTS and its immediate surrounding precinct has been re- zoned, General Business 7.

1.2.6.3 The securing of a premium Anchor Tenant for CTS

The negotiations pursuant to a Memorandum Of Understanding (MOU) signed between the City and WPR during March 2017 is now at an advanced stage.

2 **CTS ME – PURPOSE & SERVICE MANDATE**

2.1 **Key Aspects of Required Service Delivery**

Municipal legislation (Municipal Systems Act, 2000 read with Municipal Finance Management Act, 2003) required the CTS ME to enter into a monitored service delivery agreement (“SDA”) with the City in respect of the governance, management and operation of CTS.

2.2 **Service Delivery Agreement between the City and the Cape Town Stadium**

The salient features of the SDA between the City and CTS are captured in the following table:

Table 1 – CTS ME SDA OVERVIEW

Period of agreement	The City may, at its sole discretion, extend the Service Provider’s (ME’s) appointment for a further period of 49 years. Then say effectively 50 years from Commencement date.
Funding	The City will provide the grant/allocation to cover CTS operational expenditure in terms of an approved budget and provide support services for the first three years. The ME will be responsible for all maintenance which will be based on the City’s maintenance standards. The City will be liable for all capital expenditure, including additional hospitality suites.
Staffing	The City will second staff members to the ME with the concurrence of the staff members concerned. Staff currently employed at CTS will remain as City employees, will be paid by the City and will receive their standard benefits including bonuses and leave pay. The ME may appoint additional staff.
Services to be Provided	<ul style="list-style-type: none"> • General facility maintenance & event support operations. • Events and entertainment services management. • Commercialisation, marketing and hospitality management. • Finance, legal and administration management.
Ownership and Control	The City of Cape Town is the 100% shareholder of the ME.
Oversight Processes	The Finance Directorate (Treasury Department) of the City monitors SDA and related performance and compliance of the ME.
City’s Obligations	The City must provide dedicated and prioritised support with regards to accounting, financial management and budgeting per MFMA, including utilization of the SAP (Systems, Applications and Products) System as used by the City and Supply Chain Management support, legal company secretary, brand management and communication. In addition the City must provide dedicated and prioritised services in regard to human resource management support, as well as internal audit and risk management support including oversight over the Service Provider’s audit committee.

The CTS ME has been mandated, inter alia, to provide the following services and functions in terms of a SDA between the City and the Stadium:

(Extract from SDA)

2.2.1 General Facility Operations

Asset management and maintenance: ICT services and infrastructure support (tickets, advertising, audio-visual, etc.); safety and security; capital and refurbishment and investment projects.

2.2.2 Events and Entertainment Services Management

Bowl and non-bowl event scheduling; planning and execution; development and hosting of signature events; managing of events industry and service provider requirement; events leveraging and bidding processes, etc.

2.2.3 Commercialization, Marketing and Hospitality Management

Advertising; merchandising; supplier and pouring rights; ticketing; hospitality; sponsorships; tourism; marketing of bowl and non-bowl facilities; property development and management; commercial legal services.

2.2.4 Finance, Legal and Administration Management

Establishment and management of structures, systems and processes with regards to finance, revenue and expenditure, legal, governance and administration and such additional services as the City may require from time to time.

3 VISION

Achieve world-wide recognition as a major event hosting facility and become the premium venue of choice.

4 MISSION

As a leading international, multi-purpose events facility our objectives toward attaining our vision are:

- client service excellence through focused strategic purpose;
- team synergies;
- customer centricity;
- innovative approaches and
- environmental sustainability

Our Mission Statement can be further refined as follows:

The Cape Town Stadium will strive to achieve financial sustainability through the maximum possible leveraging of the commercialization opportunities presented by the establishment of a flexible public/private governance and management business vehicle.

The Stadium will deliver on its Business Plan in a manner that is consistent with international environmental best-practice. Furthermore, it will contribute to the socio-economic well-being of the City by impacting on the local economy through the hosting of major events as well as creating a safe and spectator-friendly environment where inhabitants of Cape Town can share in the Cape Town Stadium experiences.

5 CORE VALUES

The following core values will under-pin the business of CTS as it transitions into a fully commercialized, major stadium business entity:

- Professionalism;
- Integrity;
- Customer centricity;
- Respect;
- Efficiency;
- Versatility

The Cape Town Stadium (RF) SOC Limited will utilise the King IV report principles as a guiding mechanism according to which it will conduct its business.

6 ORGANIZATIONAL GOALS

The attainment of the following short to medium term goals have been set by CTS management in order to breathe life into this watershed business plan for CTS:

- Implementation of City of Cape Town approved and signed, binding Heads of Agreement (HOA) with an Anchor Tenant;
- Implementation and achievement of CTS Commercial Plan targets and deadlines;
- Implementation of the approved Integrated Events Attraction Strategy Activations;
- Meeting of 2018/2019 CTS financial year budget targets;
- Implementation of the approved Marketing Strategy Activations;
- Active oversight and achievement of all planned CTS Departmental operational, objectives and deliverables.

The Cape Town Stadium will be using the Triple Bottom Line Framework to further evaluate its performance in a broader perspective.

7 LEGISLATIVE IMPERATIVES

The underlying success factor to any successful & sustainable CTS ME business planning and implementation process will be how to give maximum effect thereto within the parameters of the law, whilst simultaneously ensuring that all citizens of Cape Town have the right and opportunity of equal access to and the enjoyment of the facilities & services of CTS.

The Legal Services Support component of CTS has for the purposes of this business plan explored the impact of both national & local legislation on the CTS ME as part of its wider focus, to fully leverage the commercialisation of the Stadium in line with the City's strategic imperatives as contained in its IDP.

An overview of the legislative framework which will underpin the CTS ME business operations, the contingency and operational planning of CTS events and the functionality of its Legal Services support component, are set out in the Legal Services Support Planning section (see Annexure D).

8 STRATEGIC ALIGNMENT TO THE CITY'S INTEGRATED DEVELOPMENT PLAN ("IDP")

This business planning across all CTS operational departments has been aligned with the City's key Strategic Focus Area of "*The Opportunity City*" and with its transformational priority of "*Positioning CT as a forward looking globally competitive City*":

CTS have also adopted the following guiding principles drawn from the City's IDP as drivers applicable to the implementation of its Business Plan:

- Good Governance;
- Operational Sustainability;
- Forward looking & globally competitive;
- Customer centricity;
- Resilience;
- Transversal approach (improved integration, coordination and strategic alignment of departmental services);
- Economic inclusion;
- Resource efficiency & security.

9 SWOT Analysis

The senior management team has completed a SWOT analysis to gain an understanding of both the internal and external environment within which the CTS operates. The key aspects that were identified through this process will be used to guide thought leadership towards specific focus areas.

<p>Strengths:</p> <ul style="list-style-type: none"> • Location of the Cape Town Stadium • High Tech Building • World Class Facility • Safe & Secure • 55 000 pax Capacity • Multipurpose abilities • Versatility • Accessibility • Clean and well maintained • Available, dedicated and knowledgeable team • Storage capabilities • Sufficient parking facilities both roofed and open • Tried & tested systems/plans • In-house service providers that ensure quality offering • High risk events certification 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Still relatively new in the market • Requires anchor tenant • Commercialisation skills • MFMA restrictions that impact on competitiveness • Succession planning • High cost of maintaining the asset • Multiple variables that could impact targeted revenue streams • Human Capital <ul style="list-style-type: none"> - Staffing levels - Organisational culture moving from Municipality to Municipal Entity
<p>Opportunities:</p> <ul style="list-style-type: none"> • Provides services as a multipurpose venue • Can create bespoke solutions to engage client • Flexibility in solutions • Commercial service provider can be appointed • Anchor tenant & enhanced commercial opportunity • Multi-faceted venue with various facilities and capabilities • Engages quality technical support for events • Can become operationally sustainable once recognised as a preferred venue for hosting events • Sterile Stadium with no current commercial tenders & obligations • Long term deals with Event Owners, promoters. 	<p>Threats:</p> <ul style="list-style-type: none"> • Impact on the drought of the Cape Town business • Decline in sport spectator numbers • Current and projected National and Western Cape Economic climate • Highly competitive market • Over supply of Stadia in South Africa • Seasonality of events hosting • Exchange rate that makes it too expensive to host international events • Delay in bringing commercial revenue streams on line • High cost of City Services • Price sensitivity

10 EXECUTION OF CITY OF CAPE TOWN'S SERVICE MANDATE

This business plan envisages the execution of the CTS ME's service mandate to the City, in terms of the Service Delivery Agreements between the Parties, as follows:

10.1 Strategy

The following corporate strategies are being developed by CTS to provide the platform upon which it intends to achieve financial sustainability and the execution of this Business Plan:

- Commercialization Strategy;
- Integrated Events Attraction Strategy – bidding and hosting
- Marketing Strategy;
- Facilities Maintenance Strategy

10.2 Commercialization – Next Steps

The recent attainment of the 3 core CTS business dependencies:

- establishment of a Municipal Entity;
- commercial re-zoning of the CTS precinct; and
- the potential securing of a Premium Anchor Tenant.

has provided the much needed momentum to achieve the full leveraging of the commercial opportunities at CTS.

This business plan maps out an internationally benchmarked major-stadium commercialization strategy and process for a municipally owned facility. This strategic framework will be underpinned by an integrated CTS brand, niche marketing, PR, communications and events attraction strategy.

The next steps towards the achievement of this goal include:

- Appointment of experienced, expert commercial partner with a proven track record to professionally advise, assist and support CTS with the marketing, negotiation and selling and/or managing of the commercial inventory of CTS (set out more fully below);
- Implementation of previously restricted internal CTS commercial strategies – appointment of commercial parking operator, outsourcing of exploitation of in-stadium commercial and retail space, etc.
- Interim (pending the arrival of an Anchor Tenant) exploitation of CTS commercial inventory, including:
 - naming rights;
 - static & electronic (LED board) advertising;
 - outdoor advertising
 - pouring rights;
 - Food & Beverage concessions;
 - Hospitality Food & Beverage,
- In-house liquor warehousing and distribution;
- Implementing of the major event bidding strategy;
- Maximization of major event day commercial exploitation of space in the immediate precinct under the control of CTS;
- Review/re-visit of CTS tariff.

10.3 Events Bidding

This Business Plan recognizes that an active pursuance of a full events and entertainment inventory will be a critical contributor to the value of CTS commercial rights. In order to achieve this, existing client loyalty must be nurtured in order to ensure that event-business lead-conversion rates will be increased during the proceeding three-year cycle.

Now that the three core dependencies required to maximize commercial revenues at CTS have been achieved - the planned increase in the attraction and hosting of high profile (TV broadcasted) major bowl events (sporting, music concert, religious (evangelistic) will leverage the full potential value of the CTS commercial opportunities and rights inventory. These include naming rights, static and electronic advertising, outdoor advertising, pouring rights, food and beverage rights, hospitality and event day parking,

In this new CTS business era, an aggressive events hosting and bidding and innovative partnering strategy, supported by a fresh, “*think outside the box*” marketing plan will be implemented to ensure that all event availability and spaces in CTS, both bowl and non-bowl, are optimally utilized. This strategy will include, inter alia:

- Enhancement of product offerings;
- Improved business conversion strategies for both long term, short term and multi-year event business;
- Developing partnerships that could deliver joint “special event business” in line with international major multi-purpose stadium trends;
- Best practice research – local and international.

This integrated events attraction strategy will, additionally, incorporate a proactive approach to:

- Securing a long-term anchor tenant agreement with the City’s premier league soccer franchises—currently Cape Town City FC and Ajax FC on the back of an entering into of a staging agreement (scheduling) with the future premium anchor tenant;
- A focus on increasing the conversion rate on the bidding for major sporting and recreational events-at CTS;
- Extending existing hosting agreements with major events rights holders such as SARU with reference to the World Rugby™ Sevens tournament on the back of what is, arguably, the most successful tournament in the entire competition.

This Business Plan recognizes that capacity and opportunity exists to leverage and materially increase revenues from conferences, banquets, exhibitions, weddings, product launches, film & still shots and collaborations with other major conference, exhibitions and banquet operators on major international/local conferencing and special events.

All of this in turn, will translate into a measurable positive impact on both the City’s IDP socio-economic imperatives, particularly the formal and informal economies of the City.

10.3.1 Event Management

The Event Management department’s core focus will be the seamless and successful delivery of all bowl and non-bowl events at CTS. The following key objectives and operational strategies will, amongst others, drive this agenda:

- Client centricity – building strong client relationships;
- Development and training of key event management staff;
- Identification and execution of improved event delivery efficiencies;
- Sustainable and environmentally friendly execution of the event delivery function
- Event retention – repeat business;
- Increased use of social media platforms as a CTS events management tool;
- Active engagement and negotiation with event-rights holders in order to achieve the most lucrative event model for CTS;
- Bespoke events packaging to suit and attract sustainable events.

10.4 Brand, Niche Marketing, Public Relations & Communications

The Brand, Marketing, Public Relations and Corporate Communication business plan for the 2018/19 financial year is constituted by the following elements:

10.4.1 Brand Management

CTS possess an established brand that has, historically, been closely aligned with that of brand Cape Town. The establishment of a public-private corporation and the arrival, in the short-to-medium term of a Premium Anchor Tenant at the Stadium will require careful reconsideration of how the CTS brand will be positioned and managed, as it enters this new business era.

To this end, the Brand, Marketing, Public Relations & Communications department has developed a multi-faceted strategy for the brand management component of the business planning, which will address corporate transition of the CTS and the arrival of a competing CTS brand (or competing brands at the CTS – depending on what you want to say). This strategy includes, inter alia:

- A re-positioning of the vision, mission and core values of CTS;
- The establishment of a corporate identity for the CTS ME;
- An increased focus on customer centricity;
- Enhanced outward communication brand protocols;
- The use of Brand Ambassadors;
- Branded staff works gear/uniforms.

10.4.2 Marketing

The core marketing focus of this CTS ME business plan is a Niche Marketing Strategy.

This strategy is based on the tried and tested marketing principles of:

- Product (including product and venue flexibility);
- Price;
- Promotion; and
- Place;

The key objectives of the marketing arm of the CTS ME will include:

- Implementation, promotion and enhancement of the planned re-positioning of the CTS corporate brand;
- Market research & trend analysis;
- The use of focused, cost effective and integrated marketing campaigns;
- Raise awareness - promote the bowl & non-bowl successes of CTS;
- Joint marketing strategies with clients and event organizers
- Increased use of more effective social media platforms;
- Development of measurable key marketing performance indicators;
- Implementation and enhancement of the planned revised CTS corporate brand;
- Execution of marketing action plans.

10.4.3 Public Relations

The key objectives of this component of the PR business plan, which will be developed in conjunction with a specialist PR agency and managed by the Head of Department, are as follows:

- Conceptualization and development of a formalized and relevant CTS ME public relations protocol;
- Thought leadership based PR messaging to the identified CTS markets
- Leveraging of multi-media interviews
- The active use of new media platforms;
- The establishment and evolution of data driven PR protocols.

10.4.4 Corporate Communications

The CTS Corporate Communications arm will manage internal and external communications of the organization in order to maintain and build relationships with key stakeholders (including the City).

The objectives and action plans of this component of the CTS Corporate Communication Plan will be developed in conjunction with a specialist corporate social media management agency, and will include:

- Effective media management – media releases, media conferences;
- Targeted messaging/ relevant communication campaigns;
- Joint communications initiatives with event organizers;
- Measurement of effectiveness of communication campaigns;
- Establishment and roll-out of an effective and efficient social media based platform.

From a cost-effective reach perspective, the CTS corporate communications business plan will revolve around a social media based platform. CTS will appoint a specialist corporate social media management agency which will be responsible for, inter alia, for the following aspects:

- Social media monitoring;
- Social media advertising;
- Proactive management of social media based Q&A discussions (e.g. Facebook, Twitter; Instagram);
- Proactive Blog responses and commenting.

10.5 SUPPORT SERVICES - FINANCE, ADMINISTRATION, LEGAL & HUMAN RESOURCES

10.5.1 Preface

The Finance, Administration, Legal and HR support function at CTS is currently managed as one department.

In terms of clause 13 of the SDA between the City and the CTS ME, the City has undertaken, for a period of three years from the date of signing of the SDA, to provide support services, at no cost to the ME, in respect of certain CTS operations – finance, commercial and events.

The extent of support of such services, given the under-resourcing in this department, is currently the subject of an engagement between CTS management and the City.

10.5.2 Finance

10.5.2.1 Budget

A budget that is aligned to the ME's mandated functions per the SDA has been developed. The budget focuses on:

- revenue generation;
- sustainable cost reductions including achieving economies of scale;
- driving the commercial agenda;
- maintaining the asset to ensure longevity (life cycle); and
- effective marketing.

The budgeting process has taken cognizance of current market conditions such as:

- National and local economic environment;
- Projected inflation;
- Historical major stadium market trends; and
- The City of Cape Town's set financial parameters

10.5.3 Administration & Legal

The primary business planning goal of the legal and administrative support arms of the Finance, Legal, Administration and HR Department is to provide all oversight, management and staffing within the organization with a high level of legal and administrative support in order for it to achieve, inter alia, the strategic, financial, operational, compliance and corporate governance objectives of CTS.

10.5.3.1 Administrative Support

The objectives of the CTS administrative support function will be the delivery of timeous, relevant and effective support across the entire organization. These administrative services will include, but are not limited to, advice and support regarding the following:

- Financial processes (including departmental budgeting);
- Supply Chain Management processes;
- Development of departmental control mechanisms and processes;
- Internal and external reporting procedures;
- Corporate Governance;
- HR.

10.5.3.2 Legal Support

The legal support function will focus on the effective and efficient delivery of the following proactive and on-demand legal services to the Board of the CTS ME, its management team and supervisory staff:

- Compliance (including MFMA);
- Contractual (commercial, insurance matters, event contracts, space hire, service providers, concessionaires, short term contractors etc.);
- Litigation (disputes relating to contractual matters, delictual, public liability etc.); and
- Advisory (contractual negotiation, event related legislative framework, criminal/civil matters, HR related, compliance etc.).
- Company Secretary

Where circumstances dictate and as-and-when required, external specialist legal advisors will be appointed to assist the Legal Services component to furnish the required support services.

10.5.4 Human Resources

The key objective of the HR component of Finance, Administration and Legal Support services department for this business plan is to attract, retain, motivate and develop a high calibre, cohesive staffing component and become a sought-out employer.

The HR component will achieve this objective by means of, amongst others, the following principles:

- Creation of a working environment which recognizes and rewards diligence and talent;
- Efficiency & effectiveness;
- MFMA required leadership and minimum competency development;
- Proactive succession planning
- Compliance;

In order to give effect CTS ME's purpose and service mandate, as per the SDA from the City, the current CTS HOD management structure, is as follows:

- | | |
|---|-----------------|
| • Acting CEO: | Lesley de Reuck |
| • General Facility Operations: | Louw Visagie |
| • Commercialization, Marketing, Communications, | |
| • Hospitality and Events & Entertainment: | Asharuf Moorad |
| • Finance, Legal, Administration and HR: | Werner Kuhn |
| • Acting CFO | Patrick Lekay |

With the exception of the Acting CEO, the current complement of **23 staff** (out of a City approved CTS human resource allocation of **37 staff**, have been seconded by the City to the ME for an initial period of three years.

10.6 FACILITY OPERATIONS

10.6.1 Preface

The CTS's asset value is approximately R 4.5 Billion. It is a highly complex state of the art "intelligent facility" with a high level of technical infrastructure which requires the support of highly skilled staff. The merging and controlling of the Stadium's complex infrastructure support systems and technology is affected by way of software, under-pinned by a building management system (BMS).

It is the largest single asset on the balance sheet of the City. The multi-million warranties and guarantees and projected life-cycle applicable to the Stadium building and related infrastructure, issued by the contractors and sub-contractors who constructed CTS, will only be honored if the City maintains and preserves the Stadium in accordance with the terms and conditions of such warranties and guarantees.

As such, and in order to preserve the planned life cycle of the Stadium, in this business planning period the CTS will continue to operate a dedicated Facilities Operations Department.

This department will continue to be responsible for asset preservation; maintenance, upkeep and the delivery of 24/7, event-day logistical support services for and to CTS and capital works - as has been the case since 1 December 2010. These departmental support and management services include the following repairs and maintenance, operational and business services:

10.6.2 Repairs & Maintenance

- Electronics;
- ICT;
- Infrastructure management;
- Facilities management

10.6.3 Operations

- Event support services;
- Safety & security;
- Parking;
- Waste;

- Specialized building cleaning;
- General cleaning;
- Disaster Management Support

10.6.4 Business

- CTS equipment hire

The Facility Operations Department will execute these key corporate responsibilities, in a legislatively compliant manner, through a CTS facilities management team responsible for, inter alia:

- Contractual/Capital asset maintenance;
- Proactive/Preventive Asset maintenance;
- Corrective Maintenance;
- Reactive Maintenance;
- Emergency Maintenance;
- Facility Operations – including essential services delivery & support, ICT service delivery and support, safety and security, OHSA and related legislation compliance;
- Event preparations and readiness;
- Event Day facilities, utilities and logistical support.

As listed above, the CTS facility operations team is also responsible for all capital projects/works on site.

DEPARTMENTAL PLANS

- Office of the Chief Executive Director
- Commercialisation, Brand, Marketing, Events and Entertainment Management
- Facility Operations
- Support Services – Finance, Administration, Legal & Human Resource Services



OFFICE OF THE CHIEF EXECUTIVE DIRECTOR

11 DEPARTMENTAL PLANS

11.1 OFFICE OF THE CHIEF EXECUTIVE DIRECTOR

11.1.1 Preface

Clause 11 of the SDA between the City and the CTS ME requires the appointment of a CEO of the Entity who shall be accountable to the Board of the ME. The CEO is also legislatively required to fulfil the role of the Accounting Officer of the ME. These appointments are a legislative requirement i.r.o Section 93 of the MSA.

The Board of the CTS ME have elected, as an interim measure, an acting CEO, Mr. Lesley de Reuck, to act in this capacity for a period of 6 months.

For the purposes of this Business Plan, it is envisaged that the following deliverables, inter alia, will be executed by the appointed CEO during this business planning period.

11.1.2 Departmental Service Offering

- Compilation of feasible & achievable short, medium & long-term stadium business plans, goals & strategic objectives for the ME;
- Executive oversight & management of all CTS operating departments;
- Alignment of all CTS operations with vision, mission, guiding principles, strategic focus areas and of the 2017-2022 City Integrated Development Plan;
- Proactive management and over-arching oversight of delivery of service provider obligations in terms of the SDA;
- Business risk management (Inc. regulatory, reputational, financial, credit, forex, interest exposure, major CAPEX projects e.g. additional suites);
- Ensure compliance with all applicable laws (SASREA & associated legislation, City Events By-Law) in respect of the hosting of events at CTS;
- Management and execution of all ME Board administrative, compliance and secretarial support requirements;
- Development of relevant policies for CTS;
- Strategic communication with role-players;

DEPARTMENT: COMMERCIALISATION, BRAND AND EVENTS MANAGEMENT



11.2 DEPARTMENT: COMMERCIALISATION, BRAND AND EVENTS MANAGEMENT

11.2.1 Preface

The CTS is a multi-faceted, inclusive and adaptable event space which has significant revenue generating potential. The primary intent of the City in establishing a Municipal Entity (ME) was to establish a flexible governance and management model that will:

- oversee the propelling of the CTS revenue streams to the point of showing a marked increase in revenue generated; and
- Ultimately transform CTS into a profit making centre.

This will be achieved through the following three departmental service mechanisms:

11.2.2 Departmental Service Offering

1. Commercialisation;
2. Integrated Brand, Niche marketing, Public Relations and Corporate Communications;
3. Integrated Events Attraction.

11.2.3 Rate Card Review

The advent of a commercially more flexible governance and management model at CTS will allow for a re-visit, by the ME, of the current City-set Commercial and Event hosting tariffs – both from a range and pricing perspective.

This process will translate into increased commercial and events revenues.

11.2.4 Overview and Objectives

The success of the ME is highly reliant on securing a premium anchor tenant who commits to the use of the stadium for a minimum period of forty-nine (49) years. This will advance the brand of the CTS and draw more foot traffic through the doors. This, in essence, equates to more selling opportunities in terms of our product and service offerings.

In terms of this business role, it is this department's role to support the commercial objectives of the ME by working towards securing current and future revenue streams by, amongst others:

- retaining recurring events at the CTS;
- converting ad-hoc events to recurring events;
- attracting new events to the CTS;
- converting those into recurring events and ultimately building the events calendar into a more lucrative one;
- full activation of CTS commercial inventory.

In order to support the Stadium brand by hosting a level of events that emphasize the user experience, and are comparable to an international standard of excellence, there will be several programmes established to elevate staff focus on customer centricity. This will have a direct impact on the positive customer experience which will in turn form the basis of the establishment of a loyal CTS client base.

Key events segments from both the local and the international markets will be identified and our events attraction strategy will be geared to speaking to those specific target markets. The marketing plan will outline the channels that will be used to best attract these events to the CTS.

In order to ensure that we uphold the brand (which will be re-visited in light of the planned re-location of a Premium Anchor Tenant), we intend to create a communications plan whereby we will have the opportunity to have two-way communication with interested parties by using social media platforms such as Facebook and Twitter. We further intend to enhance our brand by improving our online presence by creating our own stand-alone website.

It is evident from the above narrative that the three facets of the departmental service offerings i.e.

- (1) Commercialisation;
- (2) Integrated Brand Management (incorporating Niche Marketing, PR & Communications); and
- (3) Integrated Events Attraction

are inter-dependent of one another and have to be approached with an integrated mind-set. The diagram below depicts this relationship



11.2.5 Alignment with IDP Objectives

The following City IDP objectives will be achieved through the roll-out of this multi-faceted strategy:

- Strategic Focus Area – The Opportunity City

- Transformational Priority - Positioning Cape Town as a forward looking, globally competitive City
- Transformational Priority - Becoming a City which leverages technology for progress.

11.2.6 Galvanization Plan

Whilst the narrative above is a brief overview of the objectives of the department, the following is a structured layout of what will constitute the required imperatives to achieve the identified deliverables. A description thereof provides a more nuanced view of the said imperatives whilst outlining a high-level implementation plan.

11.2.7 Commercialisation

The commercialisation of the CTS is intended to achieve significant contribution toward the financial sustainability of the Stadium. Events at the Stadium drive its commercial viability and are, by proxy, a live experience of the Stadium Brand. The circularity of such a consideration implies that the successful hosting of events will ensure that visitors return to the Stadium, thereby buttressing its financial projections in terms of this business plan and contributing towards the future financial sustainability of CTS. An optimised events calendar would pivot around the placement of a premium anchor tenant, supported by contributing smaller anchor tenants.

11.2.7.1 Commercial Inventory

Full leveraging of CTS commercial inventory, will include:

- Stadium bowl & non-bowl space rentals;
- naming rights;
- static advertising;
- electronic (LED board) advertising;
- outdoor advertising
- pouring rights;
- food and beverage (F&B) concessions;
- hospitality, catering (F&B),
- commercial parking;
- lease of commercial & retail space;
- in-house liquor warehousing and distribution;
- merchandising;
- stadium tours;
- lease/rental of in-stadium WIFI Infrastructure;

11.2.7.2 Commercialization Imperatives

The achievement of the following planned imperatives will lead to the creation of a multi-faceted, inclusive and adaptable event space which supports the commercialisation intent of the ME:

Imperative	Description
1. Appoint a Commercialisation Agency/Partner	Responsible for going to market to secure service providers for (a) Pouring Rights, (b) F&B Rights, etc. Will also be responsible for the interim joint identification of additional commercial inventory with the WPR commercial manager for revenue sharing purposes once WPR takes up anchor tenancy at CTS.
2. Appoint Office Rental Management Agency	Responsible for the sourcing and placement of ideal, high calibre tenants at CTS, and managing the relevant lease agreements with the contracted tenants.
3. Appoint a Naming Rights Agency	Responsible for sourcing a lucrative naming rights sponsor for the CTS which will associate its corporate brand with the name “ <i>Cape Town Stadium</i> ” in order to achieve maximum financial benefit for the CTS ME.
4. Securing a premium anchor tenant	<p>4.1 The contract for the allocation for a premium anchor tenant is currently being negotiated and is anticipated to take effect from 2020 onwards.</p> <p>4.2 The attainment of a premium anchor tenant is critical to the financial sustainability of the Stadium; without which the Stadium will be unable to generate the regular foot-traffic requisite to drive its commercialisation objectives and plans.</p> <p>4.3 An agreement with the anchor tenant must be reached with regards to collaborating on identified commercial activations.</p>

11.2.7.3 Integrated Brand, Niche Marketing, Public Relations and Communications

It is the ambition of the SMT and the ME Board that the Stadium should be viewed as a world-class event hosting facility, a reputation that must be mirrored in the conduct and professionalism of its management and staff.

As such, staff development should, budget permitting, be prioritised within the Stadium in order ensure that they advance the image and maximize the reach of the Stadium brand, and, further, to put them in a position to implement any future CTS ME brand development initiatives, such as CTS branded staff clothing and uniforms.

11.2.7.4 The Strategy

The Business Plan would provide for the full spectrum of marketing and communications services one would expect at a major modern and iconic international stadium. These would include:

- Development and roll-out of fresh, innovative and exciting marketing plan for CTS – both from a Stadium and anchor tenant perspective;
- Development and roll-out of cutting edge and exciting public communication strategy – including review of existing visual corporate identity for the Stadium in respect of all aspects of business operations, effective public and surrounding community communications, ‘top of mind’ event promotions etc. and development and roll-out of refinements & improvements to existing strategies;
- Development of optimal CTS brand strategy and roll-out and management thereof;
- Active measurement of impact of marketing, communications & branding strategies & initiatives’;
- Active protection of CTS brand trademarks;
- Development and roll-out of aggressive media and public relations strategy;
- Establishment of stand-alone CTS website;
- Ensure protection of registered domain names for CTS;
- Development and roll-out of aggressive interactive CT Stadium social media strategy aimed at identified target markets;
- Entering into of cost effective media “barter” deals.

11.2.8 The Imperatives

Furthermore, it is the ambition of this strategy to provide support to the commercialisation objectives of the ME. The basis of developing this is underpinned by the tried and tested marketing mix – THE 4 P’s”:

Imperative	Description
1. Brand Management	<p>1.1 Creating a vision, mission and core values. 1.2 Promotion of strategized Corporate Identity. 1.3 The establishment of a CTS Brand Ambassador programme. 1.4 A focus on customer centricity. 1.5 Creation of a communications protocol for staff to communicate outwardly. 1.6 Ensuring that the language used by staff supports a common brand identity and is in keeping with the brand expectations. 1.7 Branded staff uniforms. 1.8 Alignment of staff aspirations with brand aspirations.</p> <p>IMPLEMENTATION It must be noted that specialist professional services will be required to assist the CTS Commercial unit in creating and designing the various programmes to achieve the above.</p>

<p>2. Niche Marketing</p>	<p>This planned objective will also be actioned by the 4 P's marketing principle:</p> <p>2.1 Product</p> <p>2.1.1 The CTS is more than just a stadium. It is a multi-faceted facility, which is capable of catering for a wide variety of events from major sporting and entertainment events to smaller non-bowl events such as conferences, banquets, weddings, product launches and film shoots.</p> <p>2.1.2 It is an iconic stadium – instantly recognised worldwide due to its link with brand Cape Town. The historical level of maintenance and upkeep of the facility allows it to be recognised as a world-class, high quality hosting venue.</p> <p>2.1.3 The design of the CTS is unique, and is copyright protected. The location of the Stadium is un-matched globally. This provides a level of exclusivity, which forms part of the allure to host an event at the CTS.</p> <p>2.1.4 The brand name has become established ever since the hosting of the 2010 FIFA Soccer World Cup SA™. This has grown over the years with the hosting of a multitude of high-profile events such as major international concerts performed by top-tier performers such as U2, Justin Bieber, One Direction and Coldplay It has also been established through the successful hosting of major international sporting events such as the HSBC World Rugby™ “7”s Tournament (which has been voted as best host stadium for the Tournament over the past two years) and the hosting of major local Premier Soccer League fixtures.</p> <p>2.2 Price:</p> <p>2.2.1 The tariff historically used at the CTS has been set by Council on an annual basis, as is done for all City owned facilities.</p> <p>2.2.2 With the establishment of the CTS ME, this price setting process will change and ultimately be set by the ME Board.</p> <p>2.3 Promotions</p> <p>2.3.1 This aspect relies heavily on the strategies set out in points 1 and 2 (above).</p> <p>2.3.2 As CTS is a service-orientated facility, we will follow the pull strategy whereby we will be attracting event organisers to host at the CTS.</p> <p>2.3.3 Our promotion channels are currently printed media published in leading magazines e.g. Film Makers Guide 2018 (to be launched at the Cannes Film Festival), Leading Venues South Africa, and Events Guide etc. The frequency of these adverts will be increased, and ads will continue being placed strategically.</p> <p>2.3.4 Our digital media channels are constituted by specific messaging designed and created for our big screens and IP screens throughout the venue.</p>
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	<p>2.3.5 However, in line with international major stadium trends, a need to develop a stronger online footprint has been identified. This will be done by appointing a specialist new media agency to assist CTS to develop and manage the following properties:</p> <p>2.3.5.1 Stand-alone Website;</p> <p>2.3.5.2 Facebook page;</p> <p>2.3.5.3 Twitter account.</p> <p>2.3.6 The need to create an end-to-end booking system, (which allows the client to complete the process) has also been identified. However, this proposed strategy is still under consideration and could, regrettably be inhibited by financial constraints.</p> <p>2.3.7 Should point (2.3.6) above come to fruition, there will also be the need to create a virtual tour in order to make the proposed CTS order booking process a more user-friendly one.</p> <p>2.4 Place</p> <p>2.4.1 In terms of the “Place” drive, which relates more to product orientated offerings, the CTS will become THE PLACE to host and watch events.</p> <p>2.4.2 The SMT is currently in the process of securing a premium anchor tenant. This fact alone has the potential of vastly improving the universal appeal of the CTS.</p> <p>2.4.3 We currently have a tender in process to secure a specialist naming rights partner to assist with the securing of a lucrative CTS naming rights deal.</p> <p>2.4.4 There are various spaces within the CTS, which will be used as rental space offered to the market (business-to-business) on a competitive process.</p> <p>IMPLEMENTATION</p> <p>It must be noted that in order to execute the Place Marketing Strategy, CTS will require the professional support and advisory services of an experienced and specialist marketing and corporate communications agency</p> <p>This will be in order to:</p> <ol style="list-style-type: none"> a) Develop an improved online presence using various social media platforms. b) Develop a stand-alone CTS website c) Develop an end-to-end client booking system d) Develop a virtual tour of CTS e) Assist in creating and designing of printed and digital marketing work.
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<p>3. Public Relations</p>	<p>A focused, effective and cost efficient PR strategy will be rolled-out at CTS. Planned initiatives include</p> <p>3.1 Create a formal CTS PR protocol. 3.2 Capitalise on (free) “speaking” opportunities. 3.3 Conduct joint PR exercises with clients and event organizers. 3.4 Thought leadership to be exercised to manage the messaging intended for the markets we aim to reach. 3.5 The evolution towards data-driven PR.</p> <p>IMPLEMENTATION</p> <p>a) These strategies will be developed and executed in conjunction with a specialist agency. b) This will be managed by the Head of Department within CTS</p>
<p>4. Communications</p>	<p>4.1 The CTS Corporate Communications arm will manage internal and external communications of the organization in order to maintain and build relationships with key stakeholders (including the City).</p> <p>It will execute its business mandate, in conjunction with the social media account management agency as follows:</p> <ul style="list-style-type: none"> • Develop objectives and action plans • Targeted messaging – internal & external stakeholders • Commence the establishment of a CTS fan base • Relevant communication campaigns – successes of CTS, profiling of CTS internationally & locally • CTS staff corporate communications responsibilities • Press releases • Press Conferences • Joint communication initiatives with City, clients & event organizers • Collaborative communications initiatives with event organizers • Corporate Communications trend analysis • Measurement of effectiveness of communication campaigns <p>4.2 The CTS social account management agency will also be responsible for:</p> <p>4.2.1 Proactive social media monitoring; 4.2.2 Social Media advertising; 4.2.3 Q&A discussions (e.g. Facebook, Twitter etc.) 4.2.4 Blog commenting.</p> <p>IMPLEMENTATION</p> <p>a) This will be managed by a social media account management agency.</p>

11.2.9 Integrated Events Attraction

In order to attract more lucrative events to the Stadium and to create the related commercial leveraging opportunities, the following primary event attraction imperatives and strategies will be executed:

Imperative	Description
1. Increase the number of <u>Bowl Events</u> to positively impact the revenue generated at the CTS.	<p>Implement an events and attraction policy and an engagement process with the relevant/identified event owners:</p> <ol style="list-style-type: none"> 1.1 Proactive advertising of event hosting/ stadium use T&Cs on the planned interactive CTS website. 1.2 Creating a more interactive website that allows for virtual tours through key areas of the Stadium. 1.3 Easy contact service in terms of the stadiums entry points i.e. telephonic and email interfaces which lead to face-to-face meetings (to enable “show-housing”). 1.4 Creating a commitment to an acceptable and standardised response time to event enquiry correspondence. 1.5 Designing and implementing an end-to-end bookings system. 1.6 User agreements will have to be re-designed to contain negotiated rights packages which will link to the Stadium’s branding and marketing goals. 1.7 CTS Management accepts that changes will be made to the comprehensive events calendar and that additional events may be added as the year progresses. 1.8 The comprehensive events calendar will be supported by a financial projection, so that the Board can consider and determine the financial contribution that bowl events will generate within the operational year. 1.9 Development of criteria for event prioritization to determine priority is to be developed. This will be subject to the agreed prioritization of senior professional rugby fixtures of WPR.
2. Increase the number of <u>Non-Bowl Events</u> to positively impact the revenue generated at the CTS.	<p>A detailed marketing plan will be developed to ensure that the Stadium achieves a focused reach to attract each of the following event categories:</p> <ul style="list-style-type: none"> • Conferences, • Banquets • Weddings, • Exhibitions, • Product Launches, • Film Shoots, • Still Shoots etc. <p>Targeted advertising campaign reach through business-to-business engagements in order to capitalise on the available spaces within the facility. This deliverable is inter-linked with the Integrated Brand Management Strategy. Whilst these are smaller, less lucrative initiatives, they will</p>

	<p>(a) add to the financial performance of the Stadium, and</p> <p>(b) offer a wider offering to the community to host events at the Stadium.</p>
3. Securing agreements with other professional sporting franchises and rights holders	<p>3.1 The Stadium has short to medium contracts in place with two South African Premier League football clubs.</p> <p>3.2 The Event Attraction strategy endorses that these contracts continue (in collaboration with the arrival of a premium anchor tenant), so that the Stadium continues to support a diversity of South African sporting patrons.</p> <p>3.3 The same principle will apply in respect of the Stadium's hosting of the annual HSBC World Rugby™ Sevens tournament as well as historical commitments to other major event owners.</p>
4. Increase the number of and revenue generated through Entertainment Events	<p>There will be a drive to increase the number of major concerts (and similar events) at the CTS. It is planned to:</p> <p>(a) go out and find the business, and</p> <p>(b) utilise creative avenues and other mediums to attract more events to the Stadium.</p> <p>(c) From a business-to-business perspective, research and networking to ascertain which top events are available and who the event owners are so as to make the Stadium an attractive, bespoke event opportunity.,</p>
5. Increase the number of Religious and Cultural Events	<p>5.1 Currently we have a number of annual and ad hoc religious and cultural events taking place at the stadium.</p> <p>5.2 CTS will strive to enter into three to five-year agreements with the larger more popular events, and encourage the smaller more ad hoc events to grow.</p>
6 Conferences, Banquets, Weddings, Exhibitions, Product Launches, Film Shoots and Still Shoots	<p>6.1 These imperatives will be achieved through both direct and indirect marketing.</p> <p>6.2 Major magazine publications that speak to the event owners of choice will be utilised as an avenue to communicate our message that the Cape Town Stadium is <i>"so much more than just a stadium"</i></p>

11.2.10 Key Success Factors

- 1.) Appointment of a:
 - a. Commercialisation Agency,
 - b. Rental Management Agency, and
 - c. Naming Rights Agency.
- 2.) Securing of a Premium Anchor Tenant;
- 3.) Creating and designing of an integrated Brand, PR & Communications Management program;
- 4.) Development of a Marketing Plan and ensure a 100% spend of marketing budget to accomplish all the relevant planned imperatives, objectives and strategies;
- 5.) Conduct on-going research into commercialization, marketing, PR and Corporate Communication and major stadium events attraction trends.

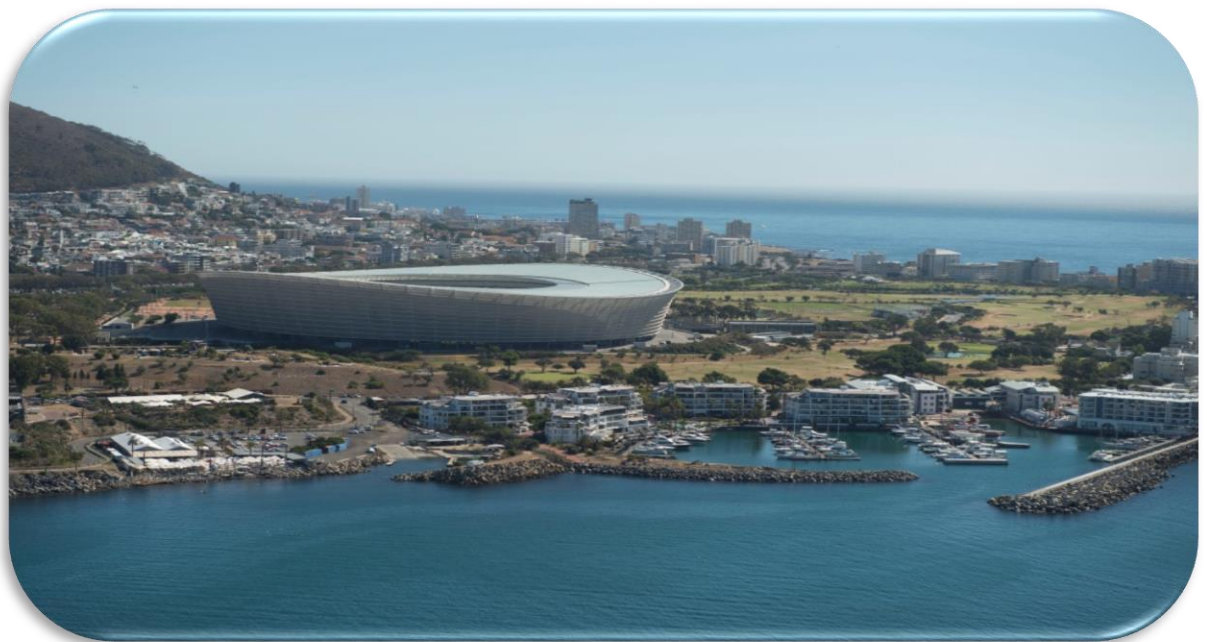
11.2.11 Monitoring & Evaluation

The Commercialization, Events & Brand Management Department will be actively monitored through regular reporting on performance agreements with service providers on the implementation plan of:

- Commercialization programmes;
- Marketing programmes and interventions;
- Number of events hosted in CTS.

The monitoring and evaluation results will be regularly reported to the CEO.

DEPARTMENT: FACILITY OPERATIONS



11.3 DEPARTMENT: FACILITY OPERATIONS

11.3.1 Preface

The CTS asset value is approximately R 4.5 Billion. It is a highly complex state of the art “intelligent facility” with a high level of technical infrastructure which requires the support of technically skilled staffing component. The merging and controlling of the Stadium’s complex infrastructure support systems and technology is affected by way of a software under-pinned building management system (BMS).

It is the largest single asset on the balance sheet of the City. The multi-million Rand warranties and guarantees and projected life cycle applicable to the Stadium building and related infrastructure, issued by the contractors and sub-contractors who constructed CTS, will only be honored if the City maintains and preserves the Stadium in accordance with the terms and conditions of such warranties and guarantees.

The event and non-event day facility and infrastructure support component, provided by the City seconded Stadium management team, is of a high standard and will ensure that the projected life cycle of CTS will continue to be protected.

11.3.2 Tariff Review

The establishment of a more flexible business environment at CTS will allow, in terms of this business plan, for a review of the current City set tariffs in respect of current Facilities Operations revenue streams – Stadium equipment and infrastructure rentals.

11.3.3 Departmental Service Offering Service Delivery Agreement Requirements

Maintenance

The Facilities & Operations Department will deliver the following contracted service provider Stadium maintenance requirements (Clause 9 of the SDA):

- All maintenance required as per the SDA.
- Meet the City imposed maintenance standards to ensure that the ME maintains CTS at a world-class stadium.
- Routine maintenance of infrastructure per City approved budget;
- The agreed maintenance programme (including a life cycle replacement model in respect of all City listed assets and equipment set out in Schedule C of the SDA);
- The oversight of the service level agreement between the City and the ME in respect of the implementation of all capital projects (Clause 7.5 of the SDA)

11.3.4 Operational Deliverables

The Facilities & Operations Department will play a key role in ensuring that CTS achieves the following planned objectives:

- Capital projects executed on time and on budget;
- Infrastructural Sustainability

The Facility Operations Department will be responsible for the repairs and maintenance and operations of the Stadium on event days and non-event days. This department will continue to be responsible for asset preservation; maintenance, upkeep and the delivery of 24/7, event day logistical support services for and to CTS and capital works – as it has successfully executed since 1 December 2010.

These departmental support and management services include the following repairs and maintenance, operational and business services:

11.3.4.1 R&M

- Electronics;
- ICT;
- Infrastructure management;
- Facilities management

11.3.4.2 Operations

- Event support services;
- Safety & security;
- Parking & parking logistics;
- Waste;
- Specialized building cleaning;
- General cleaning;
- Disaster Management Support

11.3.4.3 Business

- CTS equipment hire
- The Facility Operations Department will continue its expanded focus to include various additional revenue-generating activities such as equipment rentals (pitch cover, security fencing)

The Operations Department is also responsible for managing all capital works for the Stadium and equipment.

The Department's provision of asset management services includes the development and implementation of a capital item life-cycle costing model.

As such, and in order to preserve the planned life cycle of the Stadium, in this business planning period CTS will continue to operate a dedicated Facilities Operations Department.

The Facility Operations Department will execute these key corporate responsibilities, in a legislatively compliant manner, through a CTS facilities management team responsible for:

11.3.5 Development of Maintenance Strategy/Plan

The maintenance is categorized according to the following criteria to ensure operational efficiency and longevity of the Stadium and all equipment.

- **Preventive Maintenance** comprises those activities that are performed on a scheduled basis in order to mitigate against larger maintenance efforts or systems testing;
- **Corrective Maintenance** consists of activities that are scheduled in advance without the need for an external request;
- **Reactive Maintenance** are activities that range from attending to minor problems with equipment operation to vandalism or damages from events;
- **Emergency maintenance** consists of activities that stop or significantly reduce immediate damage to facilities and protect human life; they restore essential services;
- **Non-maintenance** includes activities that are often performed by technical employees but do little to maintain or extend the life of the Stadium and/or its facilities;
- **Capital maintenance** is typically undertaken as a separate effort outside of the annual operating maintenance budget.

All assets and equipment installed will only be maintained and/or repaired by suitably accredited experts within the respective discipline and according to relevant national regulations.

11.3.6 Outsourcing

All maintenance at CTS is currently outsourced to preferred service providers whom are responsible for day-to-day repairs and maintenance as well as maintenance and operations during event days.

These procured outsourced services will deliver the following services to CTS:

- Pitch Maintenance Services;
- Safety and Security Services;
- Fire and Access Control System Maintenance System;
- Audio Visual System Maintenance Services;
- General Building Maintenance Services;
- Specialized Stadium Infrastructure Cleaning Services;
- Electrical, Light & Power Generation Systems;
- HVAC & Mechanical Pump Maintenance Services;
- Lift Maintenance Services;
- Fencing services at CTS and immediate precinct;

11.3.7 ICT Support

Facility Operations, will continue to provide Information & Communication Technology (ICT) support across the entire organization on non-event days and to event organizers and stakeholders who utilize the Stadium's ICT resources on event days.

11.3.7.1 Deliverables

- improvement in service delivery in respective of all aspects of ICT at CTS will be enhanced through efficiencies and technology to ensure on time/on budget delivery;
- leverage income earning opportunities through increased focus on CTS equipment rentals;
- achieve planned ICT infrastructure maintenance (servicing replacement of damaged equipment, software upgrades on key facility ICT systems):
 - event & non-event day access control systems;
 - surveillance systems;
 - Building Management System;
 - Automated Fire detection system;
 - Non-event and event day WIFI;
 - Non-event and event day IT network;
 - Service and replacement (where planned/required) of office computers and software;
 - Disaster recovery and back-up.

11.3.7.2 Safety & Security

The department is responsible for the planning and oversight of the CTS safety and security function on non-event and event days. Its business planning includes, but is not limited to:

11.3.7.3 Deliverables

- Review & refinement of existing safety & security and emergency management (Inc. crisis control contingency & operational protocols) for CTS – event day/non-event day;
- Active oversight & management of service delivery of stadium security – event & non-event days;
- Compliance with all national, provincial and local statutory obligations applicable to large public facilities – including the “Safety at Sports & Recreational Events Act”, “Occupational Health & Safety Act”, “Private Security Industry Regulation Act” and regulations thereto.
- Maintenance of all Stadium fire and safety related equipment;
- Liaison & the building of sound relationships with City safety and security stakeholders and the Western Cape SAPS in respect of ESSPC event support planning matters;
- Identification and deployment of Stadium representatives for VOC safety & security staffing on event days.
- Deployment & breakdown of security equipment/infrastructure (including VOC stipulated infrastructure, security fencing, booms) etc.), in the lead-up to and post the event;

- Development and roll-out of secure “anti-shrinkage” and cash management strategy for CTS;
- Deployment of staff to “sterilize” competing signage in and around the Stadium & erect temporary event specific signage at the Stadium (and its surrounding precinct), for the purposes of an event;
- Ensure safe and secure event day operations to promote “community/family friendly; environment”.

11.3.8 Event Support Services

The Facility Operations Department will provide all negotiated event day services to event organizers in an efficient and cost effective manner.

11.3.8.1 Electronic Infrastructure Support

The management & operation of all CTS event support electronic infrastructure will be the responsibility of the Facility Operations Department:

11.3.8.2 Deliverables

- Electronic re-play screens;
- Electronic scoreboards;
- HD broadcast quality stadium floodlighting systems;
- Automated access control systems; automatic cut-in high output auxiliary power systems;
- Electronic surveillance systems;
- Automated stadium & emergency evacuation systems;
- Electronic media support systems;
- Fibre and Copper based ICT networks;
- CCTV.

11.3.9 Compliance

The execution of all Facility operations services will be conducted in a compliant manner in terms of, amongst others, the Laws as set out in ‘Annexure D’ hereto.

- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and the Regulations thereto (including the OHSA Construction Regulations of 2014);
- Safety at Sports and Recreational Events Act, 2010 (Act No.2 of 2010) (including the Safety at Sports and Recreational Events Regulations of 2017);
- Municipal Asset Transfer Regulation No. 31346 of 2008;
- Municipal Finance Management Act, No. 56 of 2003;
- Municipal Systems Act, No. 32 of 2000.
- Respective electrical, mechanical, civil, structural, etc. South African Bureau of Standards (SABS or SANS) Codes of Practice;
- Companies Act, No 71 of 2008;

11.3.9.1 Projected Outcomes of Maintenance Strategy/Plan

The maintenance strategy/plan will ensure that the following desired outcomes will be achieved:

PRINCIPLE	OBJECTIVE
Financial Sustainability	Execute the planned system of routine maintenance to ensure that 95% of the maintenance budget allocation is spent annually.
	Control expenditure so that all maintenance is planned and anticipated.
	Implement adaptive maintenance systems that are capable of learning across the three-year budget timeline.
	Maintain insurance temperance by upholding obligations to all Stadium building and infrastructure warranty providers.
	Enable environmentally aware methods of consumption, discarding, and recycling for visitors to the Stadium to mitigate against corrective maintenance costs.
Operational Efficacy	Ensure that the Stadium is always in a state of being 'event ready', thus requiring that each facility is maintained at its expected operational standard, as per the tiers allocated to them.
	The maintenance functions across the Stadium are integrated so that operations can cover any eventuality with respect to maintenance requirements.
	Build a system of rapid response to maintenance crises so that the Stadium can respond to any crisis, prepare for any eventuality, and be ready to support events at short notice
Visceral Contribution to the Precinct Brand	Ensure that all visitors feel safe when in the Stadium so that they continue to utilise the facilities en masse.

	Ensure that the facilities always maintain a high standard of cleanliness and appearance; adhere to environmental requirements with regard to recycling and sustainable maintenance best practice.
	The look and feel of the Stadium should maintain a consistent standard of excellence, thereby allowing the facilities to be 'everyday event ready' irrespective of the daily activities that take place across the Precinct
Infrastructural Integrity/Longevity	<p>With proper and regular maintenance being carried out, it is expected that the Stadium and its infrastructure and equipment will operate as designed and reliably every time it is required to perform.</p> <p>Proper planned and preventive maintenance activities maximize the useful lifespan of existing equipment, effectively slowing the growth of deferred maintenance.</p>

11.3.10 Monitoring and Evaluation

Facility Operations will actively monitor the following key performance indicators:

- Achieve 95% spend on annual maintenance budget;
- Consistent and timeous submission of all required maintenance plans, reports and insurance obligations;
- Maintain CTS in a state of constant readiness;
- Focus on appearance, cleanliness, safety and security provision and functionality.

DEPARTMENT: SUPPORT SERVICES - FINANCE, ADMINISTRATION, LEGAL & HUMAN RESOURCE SERVICES



11.4 DEPARTMENT: SUPPORT SERVICES - FINANCE, ADMINISTRATION, LEGAL & HUMAN RESOURCE SERVICES

11.4.1 Preface

CTS Support Services are an essential component of an organisation and aims at providing comprehensive guidance and support to all staff at CTS in terms of Finance, Administration, Legal and Human Resource (HR) support. The aim is to plan and coordinate support and integration for the CTS through the provision of on-site financial and administrative management services that comply with strategic, corporate and legislative requirements to enable the attainment of the key strategic drivers.

The Finance, Administration, Legal and HR support function at CTS is currently managed as one department.

In terms of clause 13 of the SDA between the City and the CTS ME, the City has undertaken, for a period of three years from the date of signing of the SDA, to provide *“dedicated and prioritized”* support services, at no cost to the City, in respect of certain CTS operations – finance, commercial and events.

The support services listed in the SDA are:

- Accounting;
- Financial Management;
- Budgeting support;
- Brand Management;
- Communications;
- Use of SAP System (all systems, applications & products);
- Company Secretarial (or additional funding for CTS ME to appoint one);
- Legal
- Human Resources

The extent of support of such services, given the under-resourcing in this department, is currently the subject of an engagement between CTS management and the City.

11.4.2 Financial Support

11.4.2.1 Preface

The Finance function is a key support component to the CTS ME and is responsible for:

- the financial management of the ME; and
- management of supply chain management processes.

The Finance function of CTS is currently under-resourced. The City has acknowledged this and has provided the current manager of the CTS Finance, Administration, Legal and HR support services department, in terms of Clause 13 of the SDA, with the following “*dedicated and prioritized*” finance related support services:

- Accounting;
- Budgeting support;
- Full utilization of the full functionality of City’s SAP system;
- Internal audit;
- Supply chain management financial related support services;
- MFMA compliance support in respect of the CTS ME.

11.4.3 Financial Governance

The CTS financial support function, supported by the City, will be responsible to ensure the CTS ME’s compliance with the MFMA required financial governance, control and reporting obligations.

11.4.4 Key Objectives

The CTS finance support function has identified the following key objectives for delivery in terms of this Business Plan:

- MFMA compliance;
- Financial management support across all operating departments (including financial reporting);
- Optimal cash – flow management;
- Debtor management;
- Efficient management and payment of suppliers/creditors;
- Active SCM compliance oversight;
- Maintenance of asset register – oversight of bi-annual audits verifications;
- Manage City targets – Corporate governance, SCM, internal/external audit performance;
- Achievement of clean internal and un-qualified external audits;
- Active compliance with GRAP standards to ensure clean audits;

11.4.5 Budgeting

A budget that is aligned to the ME’s mandated functions per the SDA will be developed.

The budget focuses on:

- revenue generation;
- sustainable cost reductions including achieving of economies of scale;
- driving the commercial agenda;
- maintaining the asset to ensure longevity (life cycle); and
- funding of effective CTS marketing.

The budgeting process has taken cognizance of current market conditions such as:

- National and local economic environment;
- Projected inflation;
- Historical major stadium market trends.

11.4.6 Administration & Legal

11.4.6.1 Preface

The primary business planning goal of the legal and administrative support arms of the Finance, Legal, Administration and HR Department is to provide all oversight, management and staffing within the organization with a high level of legal and administrative support in order for it to achieve, inter alia, the strategic, financial, operational, compliance and corporate governance objectives of CTS.

11.4.6.2 Administrative Support

The objectives of the CTS administrative support function will be the delivery of timeous, relevant and effective support across the entire organization.

In terms of clause 13 of the SDA, the City has undertaken, for a period of three years, to provide certain administrative support services to the City, including use of the City's SAP system, applications and products and a dedicated company secretary (alternatively the granting of an additional budget for CTS to secure one).

In terms of this business plan, the administrative services that should be provided by the City, in terms of its SDA undertakings, will include, but are not limited to, advice and support regarding the following:

- Financial processes (including departmental budgeting);
- Supply Chain Management Processes;
- Development of departmental control mechanisms and processes;
- Corporate Governance;
- Risk management;
- HR (including performance management);
- Sustainability processes;
- Environmental compliance;
- Corporate secretarial.

11.4.6.3 Legal Support

The legal support function will focus on the effective and efficient delivery of the following proactive and on-demand legal services to the Board of the CTS ME, its management team and supervisory staff:

- Compliance (including MFMA);
- Contractual (commercial, insurance matters, event contracts, space hire, service providers, concessionaires, short term contractors etc.);
- Litigation (disputes relating to contractual matters, delictual, public liability etc.);
- Advisory (contractual negotiation, event related legislative framework, criminal/civil matters, HR related, compliance etc.); and
- Where circumstances dictate, and as and when required, external specialist legal advisors will be appointed to assist the Legal Services component to furnish the required support services.

11.4.6.4 Commercial Legal Services

The following commercial legal support services will be delivered to the commercial arm at CTS:

- Hard-nosed negotiation of commercial contracts in respect of all aspects of Stadium commercialization (sale of commercial event inventory, Stadium-use agreement negotiation, commission dealing with outsourced commercial rights advisors, anchor tenant agreements etc.).
- Given that the required commercial legal services regulate the relationship and deliverables of commercial transactions, contractual terms and conditions will be established in such a manner as to ensure optimal commercial delivery by CTS within the legal constraints that are applicable to it.

11.4.7 Human Resource Support

11.4.7.1 Preface

The key objective of the CTS Support Services component of this business plan is to attract, retain, motivate and up-skill a high calibre, cohesive staff and over time become a sought-after employer.

As per the SDA, the CTS HR component will receive HR support services from the City; the extent thereof is currently being negotiated between the CTS ME and the City.

The HR component will achieve this objective by means of, amongst others, the following principles:

- Efficient Human Resource administration
- Creation of a working environment which recognizes and rewards diligence and talent;
- Enhanced talent identification and recruitment strategies;
- MFMA required leadership and minimum competency development;

- Entrenchment of a positive staff culture pursuant to ending of City required 12 month fixed term employment regime;
- Proactive succession planning;
- Compliance.

11.4.7.2 Key Delivery Objectives

Flowing from the application of the above principles, the following key delivery objectives have been identified for the purposes of this business plan:

- Attracting the highest calibre of full time & fixed term contract employees, from the major stadium industry, to the CTS ME;
- Enhanced turnaround times in filling staff vacancies;
- Legislative compliance with all applicable national labour legislation and regulations thereto;
- Training & development based empirically determined requirements – skills audits, industry trend analysis, introduction of internship system;
- The introduction of a meaningful exceptional performance staff recognition/rewards programs.

11.4.7.3 Staff Compliment

The current CTS management structure in order to give effect to the CTS ME's purpose and service mandate, per the SDA, from the City, is as follows:

- | | |
|---|----------------------|
| • Acting CEO: | Lesley de Reuck |
| • General Facility Operations: | Louw Visagie |
| • Commercialization, Marketing, Communications, | |
| • Hospitality and Events & Entertainment: | Asharuf Moorad |
| • Finance, Legal, Administration and HR: | Werner Kuhn |
| • Acting CFO: | Patrick Lekay |

With the exception of the Acting CEO, the current complement of **23 staff (out of a City approved total staff complement of 37 staff)**, have been seconded by the City, to the ME, on 3 year contracts.

The current approved staff structure organogram is attached hereto Marked ADDENDUM A

11.4.7.4 Monitoring & Evaluation

The following HR performance factors will be utilized, amongst others, to measure the effectiveness and efficiency of the CTS HR functionality:

- Accurate and timeous reporting on relevant HR information as per the approved SDBIP.
- Ensuring Legal compliance
- Ensuring MFMA compliance

End of Business Plan

V1.14